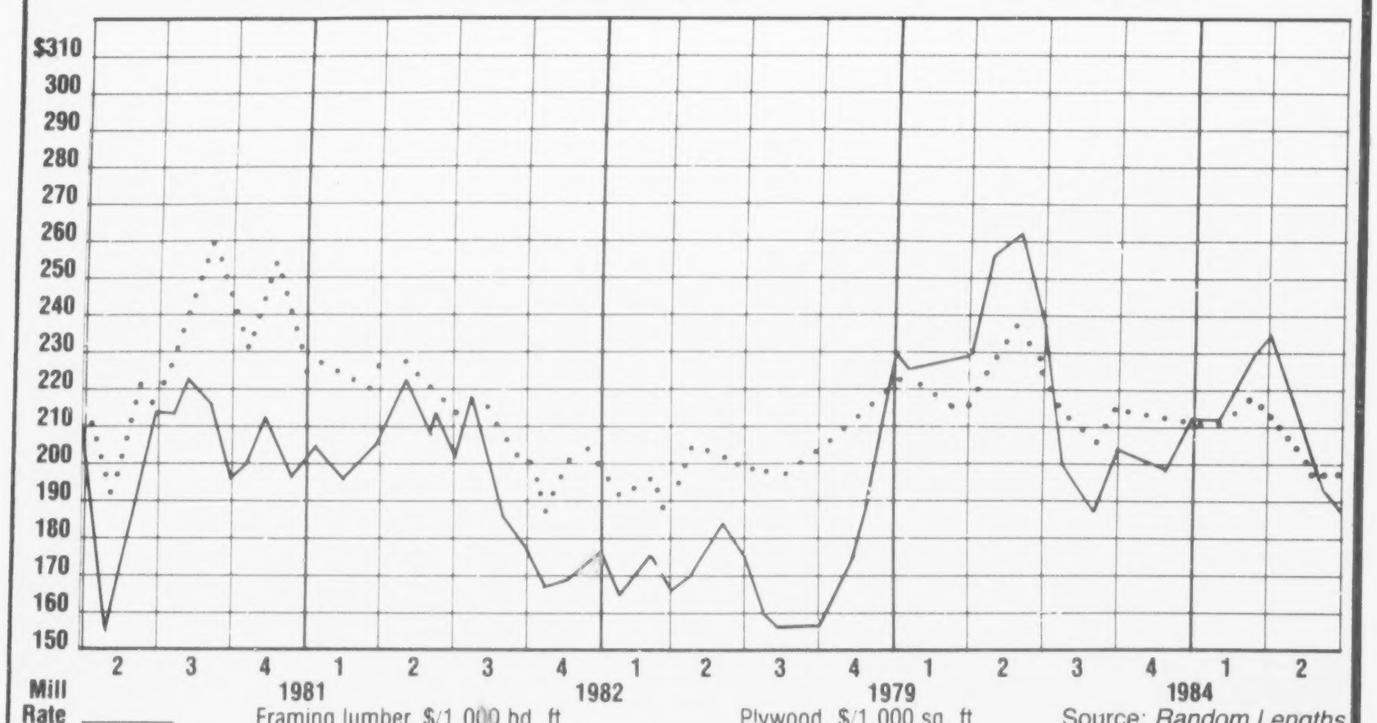
LUMBER REPORT

Composite lumber/plywood price profile



The lumber composite price in June continued its downward trend, which began in March. The framing lumber composite sank to $188 per thousand board feet from $193 in May and $217 in April.

The plywood trend continued to be similar to lumber's but not as severe, as the composite price leveled at $199 per thousand square feet in June from $198 in May and $206 in April.

The framing and plywood composite numbers are based, respectively, on Random Length's weighted averages of nine key lumber and seven key plywood items.

Shifting economic picture may have strong impact

NATIONAL REPORT — A year ago, in June 1983, the price of Western s-p-f studs averaged $255 per thousand board feet, according to Random Length's monthly averages. Last month the price of this commodity building species had dropped to $146.

At the end of the month, even at somewhat lower prices, buyers were staying away, according to Palmer's Lumber & Plywood Forecast.

As Random Length's noted, the mills cranked up for an explosive home building year, which now is in doubt. Just as the mills got their production up, interest rates began climbing and the market's psychology shifted dramatically.

Optimism, generated by annualized housing starts of near two million, turned more guarded as the Federal Reserve raised the prime interest rates and builders expressed doubt that housing would remain affordable. Lumber prices began to decline in March as dealers, caught with heavy inventories during the last downturn, learned from that error and bought only for their immediate needs.

"Yet, despite the broad decline of prices, mills continued running to capacity, trying to keep unit costs down and shipments up," noted Random Length's. "The strategy backfired, forcing a 20% break in lumber prices from mid-March to mid-May. Prices are back down to the levels reached at the depth of last summer's slide."

There seems little reason to expect that prices will rebound soon. Recent information from the National Assn. of Home Builders indicates that the housing trade group is gloomy about prospects for the rest of the year.

An index the NAHB uses to measure the strength of the housing market declined in May for the third consecutive month.

"The indicators suggest that the current housing recovery peaked in February of this year," NAHB executive vice president Kent W. Colton, noted in a release. "Unless mortgage interest rates decline, housing activity will decline during the second half of 1984."

The housing affordability index of the National Assn. of Realtors declined in May after hitting its highest level in four and a half years in April.

So far Adjustable Rate Mortgages have been helping to keep housing affordable. In May, 64% of mortgages closed were ARMs.

Jack Carlson, executive officer and chief economist of the National Assn. of Realtors, noted in a recent press release that "a glance at effective commitment rates, those rates quoted by lenders for mortgages to be closed in 30 to 90 days, indicates that little relief is in sight from the climb in interest rates."

With a housing slowdown anticipated, if not yet happening, retailers can be expected to continue their cautious buying patterns. It seems, according to several observers, that the only near-term bounce in lumber prices could come as a result of summer vacation shutdowns, which will slow production.

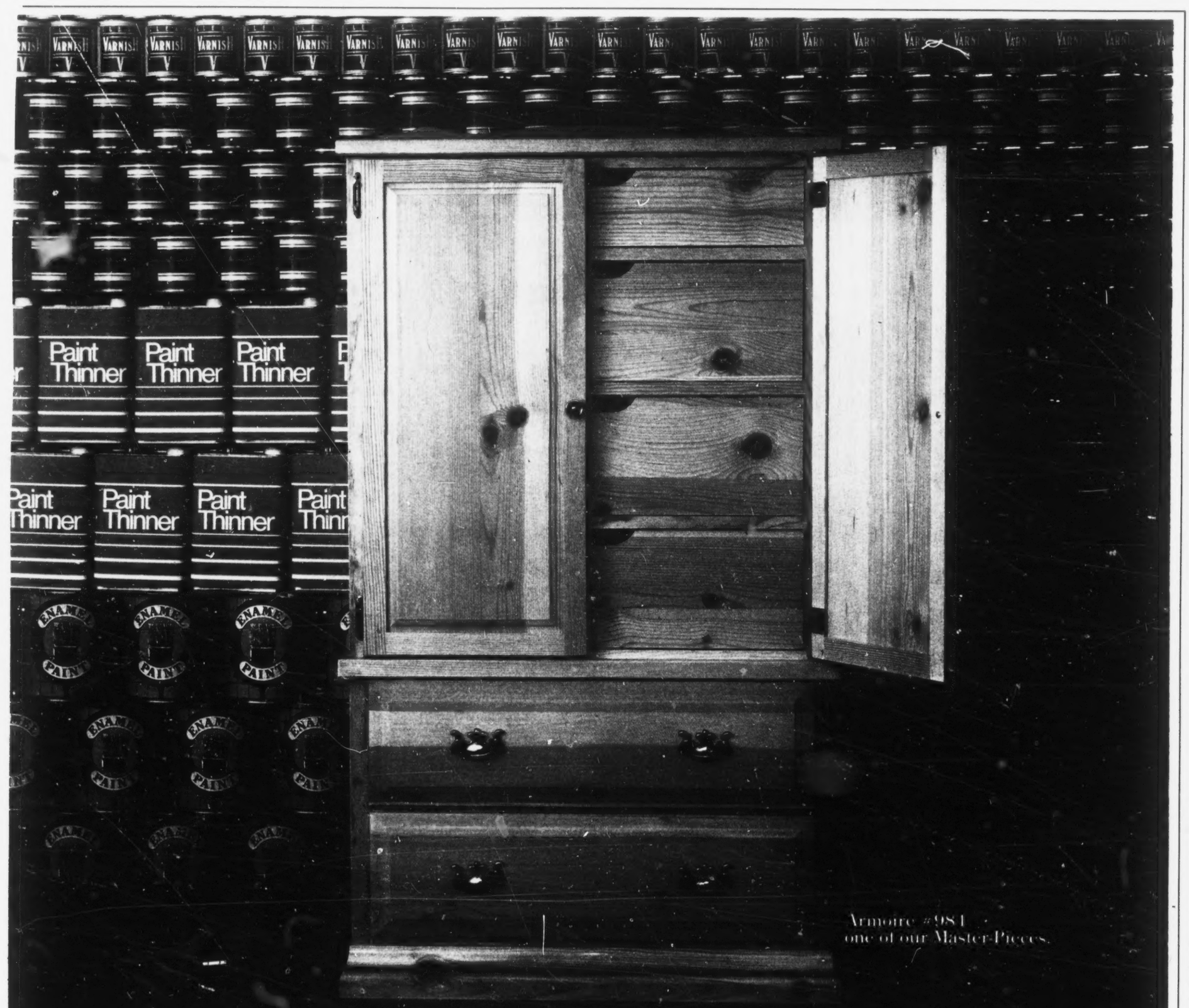
How much such vacation periods will affect prices is not clear, however. "I do not see a big summer rally coming, however, I do see a chance for a small one triggered by some shutdowns," wrote futures trader Don Zwanzig of Seattle's Stotler & Co., in a weekly newsletter early this month.

Sliding lumber prices are not hurting retailers, although the main cause of the price decline—rising interest rates and a threatened housing slowdown—could eventually have a retail impact.

For now, however, it is the mills that are hurting. There is an active effort to pass legislation that would allow abrogation of expensive Federal timber contracts. And a renewed effort to restrict the flow of Canadian lumber into the United States is not unlikely.

However, such measures do not touch the underlying economic problems that the mills face, which seem to be severe.

"Most sawmills did not make enough money during the recovery to make up for the huge losses of 1980 to 1982," notes Palmer's Lumber & Plywood Forecast. "One cannot rule out a rash of sawmill bankruptcies, should lumber continue to move lower over the next 30 days."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National Hardware Show Issue:
See highlights, page 2

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National
Home Center News®

Vol. 10, No. 17 | The newspaper for retailers serving homeowners and contractors. Published by Lebhar-Friedman Inc. | Aug. 13, 1984

Over 10,000 retailers and distributors attended last month's debut of the Lawn, Garden & Power Equipment Show in Louisville, Ky. NHCN photo

Louisville show labeled success despite its power equipment bent

By Linda Carnevale
NHCN field editor

LOUISVILLE, Ky. — The Lawn, Garden and Power Equipment show that debuted here last month was generally considered a success by dealers, exhibitors and show management.

However, much of the show was not so much aimed at the home center market as at specialty outdoor power equipment and lawn and garden dealers, including those who emphasize commercial equipment.

Also, of the 230 exhibitors at the show, only about 20% were lawn and garden vendors, for despite the show title, the clear majority of exhibitors were outdoor power equipment manufacturers.

Show organizers hope to see these imbalances resolved next year, as they feel that this year's success will encourage more lawn and garden vendors to exhibit in 1985. An increase in lawn and garden manufacturers exhibiting would make the show more attractive to many home center buyers.

Some of the successes of the show included higher than expected attendances, with some 10,500 retailers and distributors walking the floor instead of the expected 6,000. A very pleasant show atmosphere coupled with efficient back-up services was also a strong plus. In addition, many vendors reported having seen most of their major accounts at the show.

The Outdoor Power Equipment Institute (OPEI) said that 55% of the attendees were retailers/dealers, 33% distributors and wholesalers and 12% mass buyers.

As it was, an impressive number of large home center chain and mass merchandiser chain buyers attended the show, which was held in the six-acre hall of the Kentucky Fair & Exposition Center's East

(Continued on page 174)

Hill-Behan starts new chain to lure St. Louis DIYers

By Phillip M. Perry
NHCN associate editor

ST. LOUIS — Responding to an atmosphere of growing competition for the consumer dollar in this city, Hill-Behan Lumber, on July 9, launched the first store in a projected chain of new home centers called Lumber Jack.

"The new store is a response to a set of problems unique to the town," said Patrick J. Behan, vice president of the chain's St. Louis division.

Central Hardware, the $200 million chain of 30 stores headquartered here, is in the midst of a program to remodel all of its 13 St. Louis-area stores into warehouse home centers. And B&B Home Supply Centers, also operating out of this city, said it is developing a long-range strategic plan to prepare for a period of more rapid expansion.

Over the course of the next six months, said Behan, the company would "measure the results" of the new store and reach a decision as to whether to add more stores under the Lumber Jack name.

Hill-Behan's 33 stores move some $75 million of merchandise annually.

By launching what is a separate and distinct business under a new name, the company has sacrificed the economies of advertising that it has enjoyed in the past. However, the new name allows the chain to experiment with a new recipe of merchandising and pricing geared for a changing marketplace, without confusing a public that has become accustomed to the traditional Hill-Behan store.

The new store is specifically intended to attract consumer trade, now only 50% of the company's volume.

The store reflects more of a home center look in the following ways:

- Lower pricing, especially in the area of building materials, "where we have adopted a policy of being competitive," according to one company official.
- Better merchandising, in the

(Continued on page 173)

Payless: Balancing autonomy with HQ control

By John Caulfield
NHCN senior editor

KANSAS CITY, Mo. — Lumberjack Stores, Prime Home Centers and Somerville Lumber "are making more money now than they have in their histories," claims Payless Cashways' president David Stanley.

But the process of bringing these and the four, smaller companies Payless has bought over the past two years into sync with the chain's own growth plans has not always been easy for the company or its employees.

In expanding through acquisition, Payless has attempted to strike a balance between centralization and autonomy, imposing just enough corporate controls to keep track of its growing empire, while trying to preserve the freedom and spirit of the enterprises it now owns.

As Stanley sees it, Payless' current and future growth strategy, and the parameters within which its companies operate, would ideally be similar to that of Federated Department Stores Inc., the $9 billion retailing giant based in Cincinnati, which owns 20 independent companies that run department stores, discount and specialty outlets and supermarkets.

He concedes that Payless is not there yet, but neither is it in the same boat W. R. Grace floated in several years ago when it began the difficult consolidation of its home center acquisitions.

Payless has been more successful in the pursuit of its balancing strategy when the managements of the companies it acquires stay on after the acquisition. However, much to its chagrin, Payless has had more difficulty stepping in with corporate solutions when a newly bought company's leadership packs up and takes a walk, as was the case at Lumberjack and Wood Brothers in Arizona.

When Payless came in with new systems that substituted for what those companies' employees were used to, the operations and sales of the companies, and the chain, suffered.

Ultimately, if this situation continues, or arises in the future when Payless acquires anew, the chain will have to devise a better formula for imposing its will on what are usually very independent, sometimes loosely-run operations.

"The company right now should be running a little better than it is," admitted Stanley. "But Payless prides itself on its freedom, and if I had to choose between a strict operational format or staying with what we have now, in a modified form,

(Continued on page 173)

NEWSBREAKS

GRACE PICKS WAREHOUSE HEAD. W. R. Grace has chosen Frank Doczi to head a chain of warehouse home centers it is developing. Doczi, formerly Moore's senior marketing vp, will report to Grace senior vp Bernard Kossar.

AX FALLS AT BE. Builders Emporium president Tony Swies took early retirement and Steve Capasso, merchandising vp and gmm, resigned late last month in a management shakeup at the 59-store chain. Bernard Kritzer, senior vp at Wickes Cos., BE's corporate parent, is acting president.

WEST REALIGNS MANAGEMENT. West Building Materials president Ed Plemons has been replaced by a triumverate that includes part-owner Mark West and buyers Bill Godwin and Bob White.

INSIDE:

HANDYMAN GETTING more aggressive in its existing markets after the sale of its Homer's units . . . . . **Page 2**
OHIO INDEPENDENTS are angry at HomeOwners Warehouse's use of bonds to finance expansion in their market . . 3
NATIONAL HARDWARE SHOW SCHEDULE **156-158**
FORMER PAYLESS VP Pat Giesey is launching a new lumberyard/home center operation in Colorado **163**

NHCN photos

Neiman-Reed's Lumber City private label paint was used to spruce up the Hollywood sign in time for the Olympics. The California home center chain garnered international publicity for its role in the effort, see page 3.

NHCNews Briefs

Industry Update

Channel adds 3 stores in Balt.; chainwide total reaches 100

WHIPPANY, N.J. — Channel Home Centers will open three more new stores in Baltimore by the end of this month, bringing the total in Maryland to eight. Two other stores (Rockville and Parkville) opened in the state earlier this year. The company total is now 100.

The three new stores will employ approximately 300 people, most of them from local areas.

The Dundalk Channel opened July 26 at 7820 Wise Ave., in a former Cook's store.

Two stores will open Aug. 30. One, with approximately 50,000 sq. ft. of space, is located at Belair and Cliftmont Roads on the site of a former Two Guys. The other opening on that date is located in Brooklyn Park at 5105 Governor Ritchie Highway, in a former Cook's. It has 52,000 sq. ft.

The store openings are part of Channel's plan to have six stores in the Baltimore market this year (*NHCN*, Feb. 27). The expansion into Baltimore follows last year's four-store entry into the Washington market and is part of the chain's effort to fill in the Washington-Baltimore Metro Area as real estate becomes available.

Courtesy speeds Chicago growth

MOUNT PROSPECT, Ill. — Courtesy Home Centers is accelerating its expansion in the Chicago market with the opening of its 90,000-sq.-ft. store in Skokie, Ill., in November and has already acquired the site for its sixth store to open in 1985.

Courtesy, which has been in the home center industry for 25 years, now has four stores. The third, in Downers Grove, opened in 1979 and the fourth in Forest Park in 1982.

Courtesy's expansion comes at a time when Forest City is converting to a warehouse format and K mart will be entering the Chicago market as a home-center competitor this fall.

"We have a successful operation, we know our market, unlike K mart, and have a wonderful structure," said Zangwill Munies, vp at Courtesy. So the new store will not be a warehouse one but maintain the style of Courtesy's other units, which Munies described as, "clean, neat, pretty and busy."

Already this year, sales are up on 1983's record-breaking year when the chain increased sales by 43% over 1982 and did $50 million, Munies said.

The Skokie store will introduce a new format for the checkout area. This space-saving design will allow 12 checkouts compared with the chain's usual eight or 10.

The new store will be open for two or three months before the special promotion and advertising campaign officially marks its grand opening in the spring.

Homecrafters sets Louisville sites

PELHAM, Ala. — Homecrafters Warehouse has bought two stores in Louisville, Ky., a 70,000-sq.-ft. former Woolco store on Dixie Highway in the southwest part of the city and a 75,000-sq.-ft. former Sears Roebuck store in St. Matthews to the northeast.

Homecrafters hope to retrofit both units in time for a year-end opening, which would bring its warehouse store count to nine.

This is a new market for Homecrafters Warehouse, which currently operates three warehouse stores in Memphis, one in Denver and one in Nashville.

National Home Center News

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Vol. 10, No. 17 Aug. 13, 1984

$40M Homer's proceeds to fuel Handyman's West Coast recovery

SAN DIEGO — Fresh from the sale of 15 of its 21 Homer's units in the South, Handyman here is taking a more aggressive posture toward expanding in existing markets than it has shown in nearly three years.

The Homer's units were sold for an undisclosed amount of cash and stock to Ross Stores Inc., a fast growing off-price retailer based in San Francisco, that plans to convert the units, ranging in size from 33,000 to 50,000 sq. ft., into off-price apparel outlets.

Once Handyman sells its remaining six units in Texas and Oklahoma, and its Dallas distribution center, it expects to gain immediate net proceeds of $25 million in cash, and $40 million from sale of the 21 stores.

The company will now concentrate its efforts on expanding in California, Oregon and Arizona, where it runs 56 stores. Handyman's president Harvey Rosen told *NHCN* that the chain "had begun to gear up again for expansion about eight months ago." It is currently negotiating for nine new stores that will be located "primarily, but not exclusively in southern California," said Barbara Tucker, a spokesman for Edison Brothers, the chain's parent company based in St. Louis.

The company decided to pull up stakes in its Southern markets because the Homer's stores' sales and operating profit—which Edision Brothers does not break out individually—"always lagged significantly behind Handyman's other regions," said Rosen in a prepared statement.

Between 1978 and 1981, according to Edison Brothers' annual reports, Handyman went from 64 to 80 stores, with sales jumping to $205.3 million from $168 million.

However, the downturn in the economy was taking its toll on the company. In 1980, a year in which interest rates hit 21% and inflation 13%, Handyman experienced a decline in comparable store sales for the first time in 10 years. And when the housing market began to collapse, the chain's operating profit fell to $8.4 million in 1981 from $16.6 million three years earlier.

Nineteen eighty two saw the worse drop in the new starts in the housing industry's history, and Handyman's performance suffered. Its operating profit plummeted to $2.1 million and its sales fell to $200.3 million.

The following year was an entirely different story, though. The chain imposed several cost-cutting measures, including inventory control and reduction. In addition, it closed its three stores in Chicago, and began a very active promotional campaign in all its markets, offering merchandise at 20% off retail.

By year's end, Handyman's sales had risen 19.7% to $239.8 million and its operating profit soared to $8.9 million, a 324% increase. With the economy having improved dramatically over the past year, and Handyman's financial picture being stronger, the chain is again prepared to engage in the consistent, annual store growth that was its custom in the 1970's.

Handyman sells off Homer's

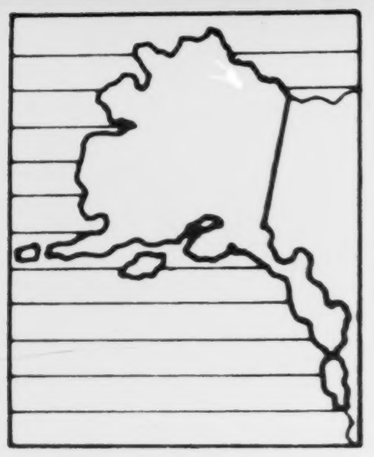
No. of Homer's units sold to Ross Stores Inc.	Location	Homer's stores closed, to be sold
8	Dallas-Fort Worth	1
2	Austin	1
2	Houston	2
1	Longview	0
1	Lubbock	0
0	Wichita Falls	1
1	Oklahoma City	1

Source: Edison Brothers

Handyman has pulled out of its Texas and Oklahoma markets to devote more of its energies and expenditures toward expanding and improving stores in its California, Oregon and Arizona markets.

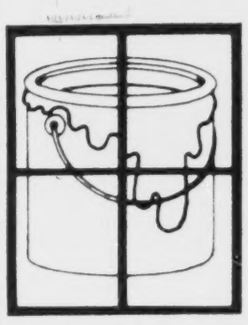
HARDWARE SHOW ISSUE HIGHLIGHTS

Alaska: DIY retailing's last frontier



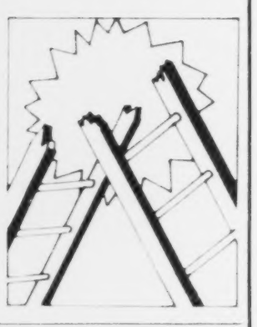
Lumber and building materials retailing in Alaska is roughly where the industry was more than a decade ago in the "Lower 48," with the major emphasis on the professional trade. Shifts in population and the economy brought about, in part, by the pipeline are causing changes, however. The home center approach is gaining a larger following, as NHCN *West Coast editor Brad Altman discovered during visits to Anchorage and Fairbanks. His report begins on* ***page 25.***

Specialty stores: Growing area of home center competition



While some view specialty stores as competition for home centers, others say these outlets actually expand the total market for the merchandise they sell. NHCN *examines two categories of these dealers: Window and paint specialists. See* ***pages 139-143.***

Store safety: Waging war on accidents



Expanded operations, especially as more stores convert to warehouse-style formats, have sparked concern about store safety. How home centers are attempting to reduce the likelihood of accidents and injuries to employees and customers ***pages 89- 92.***

Personality profile: Jay Steiner

A year-and-a-half after selling his seven-unit Lumberjack chain to Payless Cashways, Jay Steiner is ready to plunge back into the home center business with his two-unit warehouse-style operation, Supply 1. For a profile of the man who says he's lived the "American dream," see ***page 133.***

Systems & Operations

Many large home center chains are investing more capital to increase the efficiency of their distribution, ***page 144.***

The National Lumber and Building Materials Dealers Assn. has released a manual detailing costs and characteristics of 18 inventory control systems, ***page 150.***

Merchandising

Some retailers are building thriving businesses selling closed-out and bought-out home improvement items, ***page 50.***

As kitchen cabinet shipments hit their highest level in 10 years, more home centers are starting to express interest in computerized kitchen design, ***page 54-56.***

Lighting displays are being revamped and the departments are being given greater prominence than ever before, ***pages 82-83.***

Advertising & Marketing

Home centers are spending more on television advertising as new technology is cutting costs, ***page 101.***

While many commodity vendors are seeking to raise consumers' awareness of their brand names, retailers claim most shoppers' main consideration is price, ***pages 112-116.***

Forest City's new Chicago TV campaign pokes fun at a napping "Slumber Lumber" competitor, ***page 121.***

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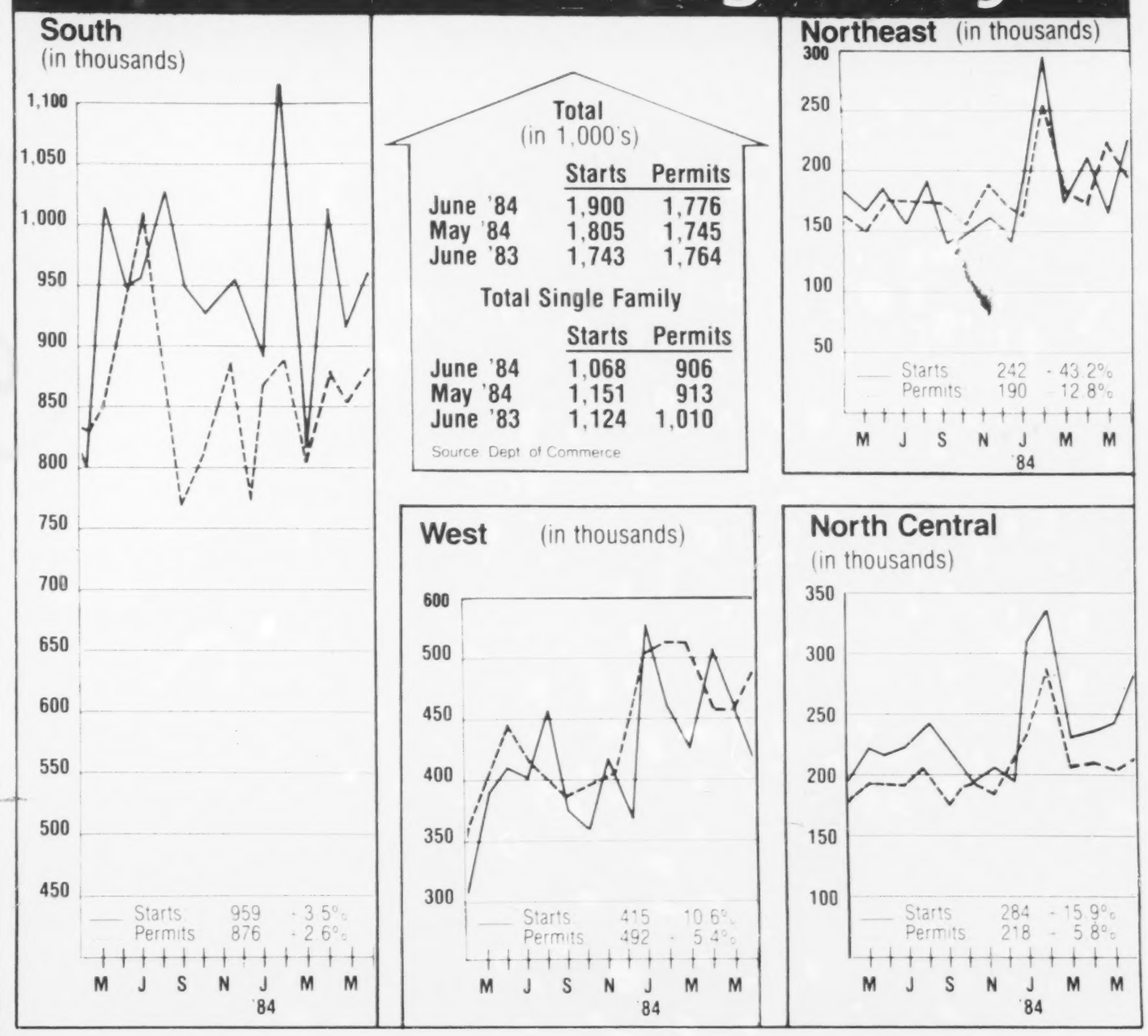
June home-building activity



Total housing starts rose 5.3% in June to a seasonally adjusted rate of 1.9 million units over May's figures. Total building permits, an indicator of future house-building, also rose by 1.8% to a seasonally adjusted rate of 1.78 million units.

The South, although dropping below the one-million mark, remained strong with 959,000 housing starts, up 3.5% from May, and recorded 876,000 building permits up 2.6% over the previous month.

However, single family starts and building permits fell, reflecting the effect of high interest rates.

NHCN, NAB, TVB launching home center ad awards program

NEW YORK — The Newspaper Advertising Bureau and the Television Bureau of Advertising have agreed to join with *National Home Center News* in launching a new nationwide program to recognize advertising excellence in the home center industry.

The cooperative venture is part of a new National Home Center Industry Advertising and Marketing Awards program which is being unveiled at the National Hardware Show.

The program is the first of its kind in the home center industry that will involve the nation's 997 daily newspapers and nearly 600 television stations in recognizing outstanding advertising achievements among home center retailers, suppliers and their agencies.

One of the purposes of the program is to help home center retailers and suppliers gain recognition, not just within the industry, but to the larger advertising and marketing community, for their advertising and promotion efforts. The other reason behind the program is to encourage more effective use of the media.

While *National Home Center News* is underwriting the awards program, "We want to stress that the program has been designed so that it is the newspaper and television advertising industries that will be recognizing these achievements, not simply *National Home Center News*," said the newspaper's editor, Wyatt Kash.

Plans for making similar arrangements with other national media organizations are in progress, Kash added, explaining, "We wanted to move forward with newspaper and television right away, particularly since promotion activity in those media have become so intense in the home center industry over the past two years."

The new awards program will permit retailers and suppliers to submit their best television commercials and newspaper ads that have run during 1984 for consideration by two judging panels, one for each medium. The judging panels will include representatives from some of the leading advertising agencies and retail operations in the nation. In addition, local

(Continued on page 174)

Hardware show dates & hours

The 1984 National Hardware Show will open Sunday, Aug. 12, at McCormick Place West, Chicago, at 10 a.m. The show will continue Monday through Wednesday at McCormick Place West (8 a.m. to 5 p.m.) and McCormick Place (9 a.m. to 5 p.m.). The show will conclude Thursday at McCormick Place (9 a.m. to 3 p.m.).

SHEPHERD 'FILL-RATE' UPDATE

Percent of SKU's ordered and shipped within 72-hours or faster. Two weeks ending July 30, 1984:

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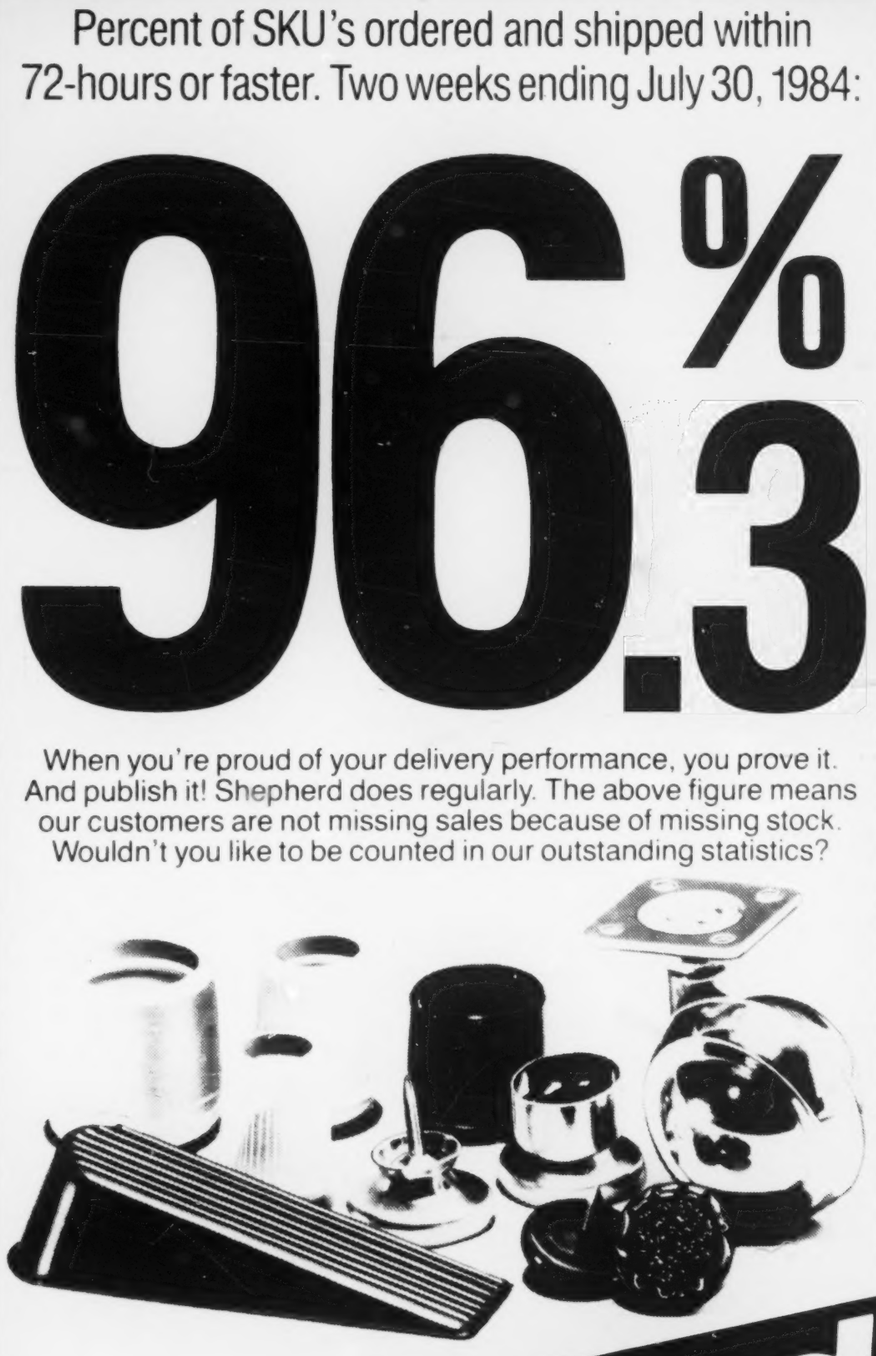

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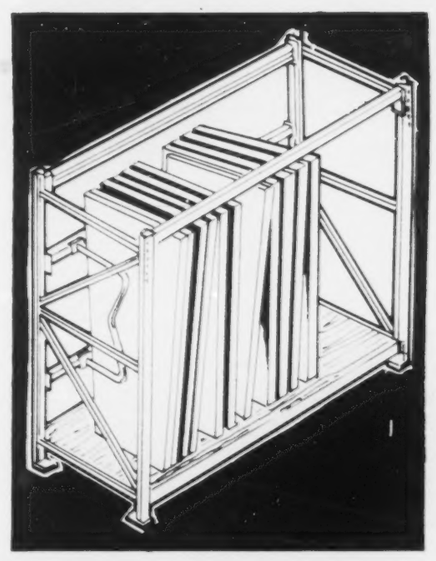

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SALES & EARNINGS

Company	Period Ended	Current Sales*	Year-Ago Sales*	% Change	Current Earnings*	Year-Ago Earnings*	% Change
Color Tile	6/30-1 mo.	$ 24,700	$ 18,800	31	—	—	—
Lowe's Cos.	6/30-1 mo.	149,900	127,400	18	—	—	—
Scotty's	6/30-4th qtr. 6/30-1 yr.	114,021 424,537	107,023 358,982	7 18	— —	— —	— —

*$ in thousands

Source: Company reports

STOCK PRICES

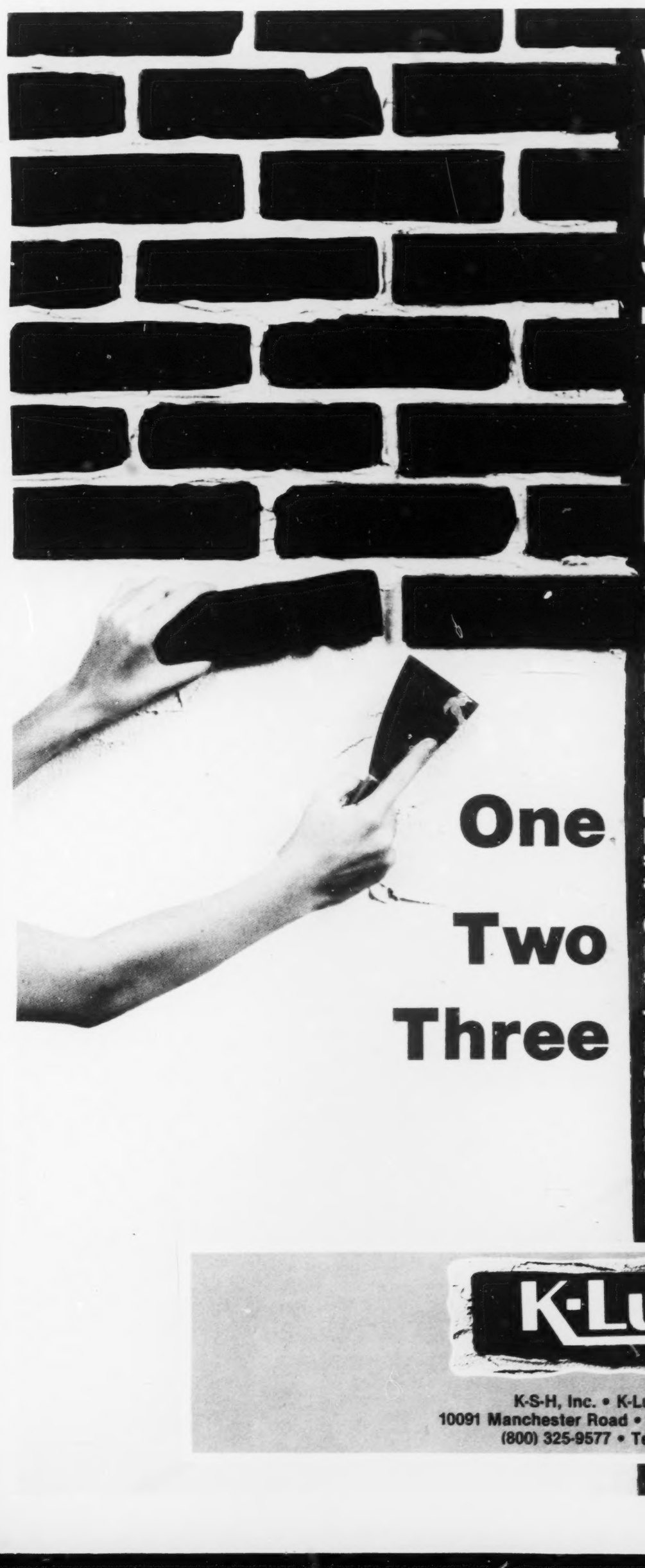
		As of 7/23	52-week High	52-week Low	P/E Ratio
Boise Cascade (NYSE)		34½	45	32⅝	11
Edison Bros. Stores (NYSE) [Handyman, Homer's]		34¾	46¼	33¾	7
Evans Products (NYSE) [Alamo Ent., Grossman's, Moore's, Hubbard & Johnson, Lindsley]		5⅜	19⅛	4¾	—
Forest City (AMEX)	A	15⅜	20⅛	13⅛	30
	B	15⅜	20½	13	30
W. R. Grace (NYSE) [Angels, Cashway, Channel, Handy City, Handy Dan, Orchard]		42⅞	50⅜	36½	11
Home Depot (NYSE)		21¼	31¾	14	43
Lowe's (NYSE)		17¾	30⅜	17½	12
Michigan General (AMEX) [Diamond Lumber]		5⅜	14	4⅝	28
Pay 'N Pak (NYSE)		13¾	21½	12¾	12
Payless Cashways (NYSE) [Furrow]		14½	33½	14½	12
Scotty's (NYSE)		11¾	18⅜	11½	9
Southwest Forest Industries (NYSE) [Knox Lumber]		15	22½	12¼	—
Standard Brands Paint (NYSE)		16½	26⅝	16½	9

Nasdaq—over-the-counter stocks

		As of 7/23	52-week High	52-week Low	P/E Ratio
Color Tile		15	18¼	13⅝	—
Hechinger	A	17¾	24¼	13½	—
	B	17¾	24½	14	—
Homecrafters Warehouse		11¾	17½	11¾	—
Pay 'n Save		15½	29¼	14⅜	—

Over-the-counter stocks

	As of 7/23 Bid	As of 7/23 Asked	52-week High (Bid)	52-week Low (Bid)
Erb Lumber	18½	—	25¼	16½
Hines Lumber	34½	36½	41½	25½
Home Centers of America	9⅞	10⅛	15½	6⅜
Scotts Seaboard [Scott's]	1¾	2⅛	5	2
Wolohan Lumber	4	4¼	9¼	4⅛



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FINANCIAL NEWS

Grace home centers' 2nd quarter performance 'particularly good'

NEW YORK — The retailing divisions of W. R. Grace reported $10.4 million in operating income after taxes for the second quarter of 1984, an increase of 17% over the same quarter of 1983. The company reported a "particularly good" performance by its home center operations.

For the entire corporation, second quarter sales increased 8%, to $1,741,433,000, over the same quarter of the previous year.

Net income for the second quarter ended June 30 was $57,449,000, representing a 42% increase over the $40,504,000 earned in the second quarter of 1983.

For the first half of 1984, Grace's sales were $3,238,731,000, a 9% gain over the $2,959,757,000 of the same period of the previous year. Net income for the first half of this year was $103,396,000, a 40% increase over the $73,615,000 for the first half of 1983.

Scotty's closes fiscal '84 with 18% sales gain

WINTER HAVEN, Fla. — Scotty's closed its 1984 fiscal year on June 30 with annual sales of $424,537,118, representing an increase of 18% over sales for the previous fiscal year.

Net income figures have not yet been released.

Sales for the previous fiscal year, ended June 30, 1983, were $358,981,646, a 17% increase over fiscal 1982.

Sales for the fourth quarter of fiscal 1984, ended June 30, totaled $114,021,091, an increase of 7% over the $107,023,073 in sales for the same quarter of the last fiscal year.

The company, which has 107 home centers and three hardware stores, attributed the smaller increase in sales in its final quarter to the fact that new construction has continued strong through the year and had satisfied a "pent-up demand for new housing" by the public, according to cfo Harold W. Taylor.

Additionally, Taylor noted that remodeling efforts were weakest in Florida in the spring months when winter residents were preparing to return north.

Sales increases had totaled 25% for the first six months of the 1984 fiscal year, over the same period of 1983. And for the third quarter of fiscal 1984, they were 20% higher than the same quarter a year earlier.

In another move, the company assigned Earle Brown, president of Earle Brown and Associates, Clearwater, Fla., to the position of industrial relations coordinator last month.

The company expected to begin construction of a new data processing building last month. Construction is now under way for a $5 million manufacturing facility to produce roof and floor trusses, prehung doors and bathroom vanities.

Lowe's turns in record sales period for June

NORTH WILKESBORO, N.C. — Lowe's Cos. Inc., recorded its largest June sales period in company history, with revenues totaling $149.9 million, an 18% increase over June 1983 sales of $127.4 million.

The company said sales to retail customers totaled $78.3 million for the month, slightly greater than its sales to builders and other professionals, which totaled $71.6 million for the period.

LUMBER REPORT

'Profitless prosperity' ahead as producers face major shake-up

By Hawk Furman
Special to NHCN

It will never be the same again. The lumber producers in North America are under siege and the industry faces an unprecedented shake-up. Overproduction, a terrible export market and poor marketing have led lumber prices down to the depression levels of 1982. Mills have not had a chance to recover from the last recession which started in November 1979, and lasted through October 1982. A look at the current demand and supply situation helps give perspective to what is happening.

'Domestic demand for lumber and panelboard products is outstanding. New housing, remodeling and renovation of older homes and commercial construction are all booming.'

—Hawk Furman

Demand

Domestic demand for lumber and panelboard products is outstanding. New housing, remodeling and renovation of older homes and commercial construction are all booming.

Housing was built at a 1.95 million units annualized rate during the first quarter of 1984. Nonresidential construction contracts hit all-time record levels in May. This type of business has long lead times so it should remain fairly strong for some time.

Higher mortgage rates are sure to slow housing construction but adjustable rate mortgages still allow seven million more families to qualify for a mortgage than could under conventional financing. Mortgage revenue bonds have been approved again by Congress and this will free up low rate funds at the local and state levels to boost housing for lower and middle income families. New housing permits remain strong and it appears new home building will stay strong through 1984.

Supply

There is plenty of lumber coming down the pipeline and because of overproduction, mills and wholesalers are facing "profitless prosperity." The reloads are loaded with s-p-f and Douglas Fir on the East Coast,

(Continued on page 18)

FUTURES

Two weeks ended July 19, 1984

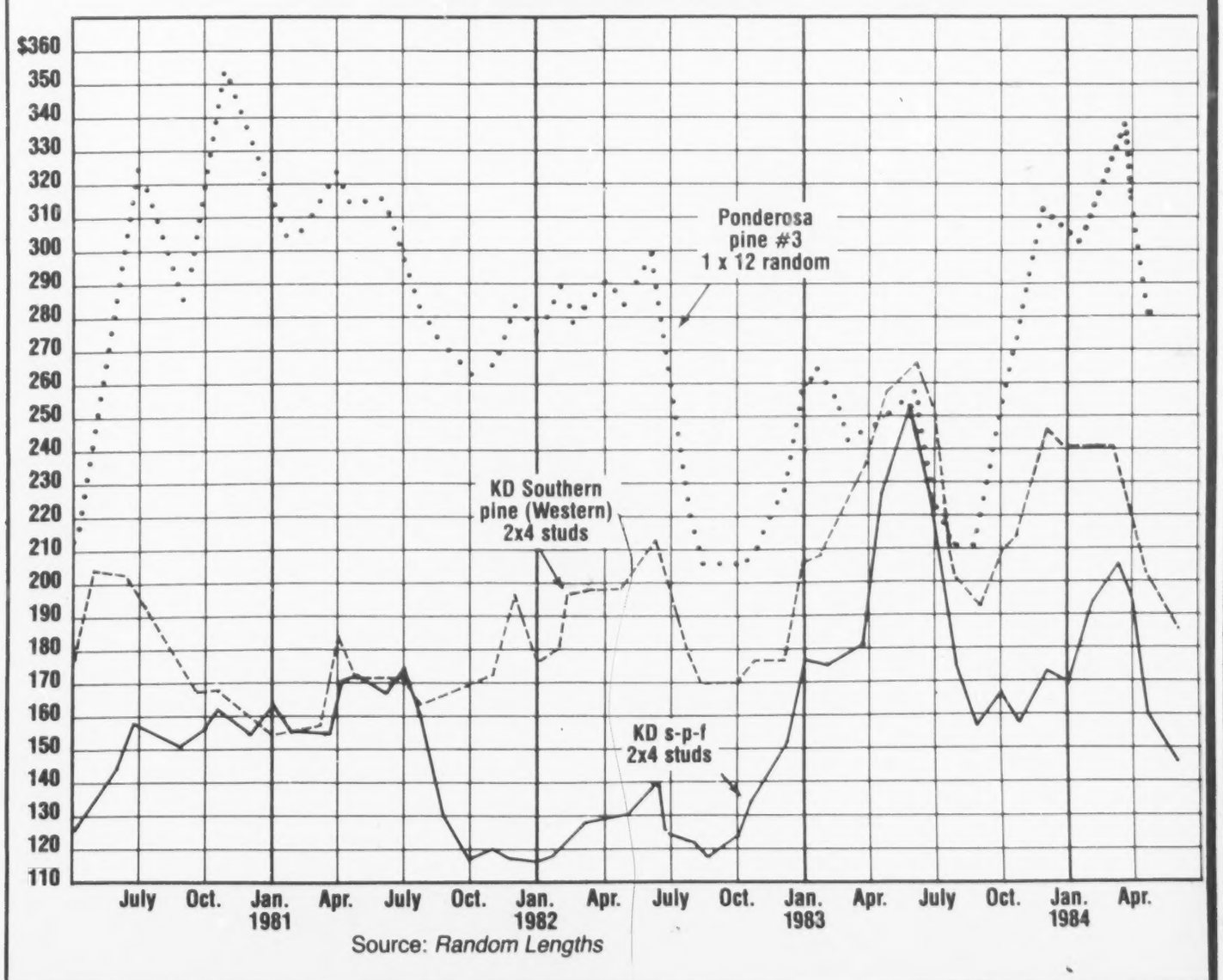
	High	Low	Close	Previous Week	Open* Interest	Contract High	Contract Low
LUMBER (CME)—130,000 bd. ft. spruce-pine-fir 2x4's; $ per 1,000 bd. ft.							
Sept. '84	129.30	119.20	119.60	128.60	3,031	236.00	119.60
Nov.	136.90	125.70	126.40	135.70	2,370	229.00	125.70
Jan. '85	149.50	137.10	137.70	149.00	1,095	221.30	137.10
March	156.70	144.90	145.40	157.00	367	220.40	144.90
May	164.00	152.40	152.40	163.70	185	225.00	152.40
July	171.00	158.00	158.00	170.80	164	230.50	158.00
Sept.	175.50	162.50	162.50	—	70	197.50	162.50

Total Contract Vol. (Through 7/19): 24,340 — Previous Two Weeks: 18,688
Total Open Interest (As of 7/19): 7,296 — Previous Week: 7,169
Cash Price: $126.42 — Previous Week: $125.44 — Year Ago: $195.02

CME—Chicago Mercantile Exchange CBT—Chicago Board of Trade
*Figures for Thursday, July 18
Open Interest is the number of outstanding contracts for each delivery month not liquidated by an offsetting transaction or fulfilled by delivery

Commodity close-up: Studs & boards

Average monthly mill prices



Source: *Random Lengths*

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